

**April 3, 2007**

SUBJECT: Reallocation of Unexpended FY 2006/07 State of the City Funds to FY 2007/08

REPORT IN BRIEF

Mayor Lee has proposed that this year's State of the City event again be a casual picnic in the park ceremony at Washington Park, on Independence Day, Wednesday, July 4, 2007. The event will begin at 11 a.m. and run until 2 p.m. The event will also feature the annual community awards. Because this year's event will take place after the close of fiscal year 2006/07, staff requests the carryover of any allocated but unexpended State of the City funds from FY 2006/07 to FY 2007/08, without impact to the regular FY 2007/08 State of the City funding.

BACKGROUND

The State of the City event has been held each year since 1981 to provide an opportunity for the mayor and Council to present the public with a review of issues affecting the community and an outlook for the future. In calendar year 2004, Mayor Howe moved the event to July 4, where it remains. Because the event falls after the start of a new fiscal year, we have had to shift allocated funds each year to properly fund the event.

EXISTING POLICY

The following documents contain policy direction on this issue:

- Fiscal Administration Article XIII, Section 1305 City Charter: From the effective date of the budget, the several amounts stated therein as proposed expenditures shall be and become appropriated to the several departments, offices, and agencies for the respective objects and purposes therein named. All appropriations shall lapse at the end of the fiscal year to the extent that they shall not have been lawfully expended. At any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by the affirmative votes of at least four members so as to authorize the transfer of unused balances appropriated for one purpose, or to appropriate available revenue not included in the budget.
- Planning and Management Element 7.1B: Maintain sound financial practices, which meet all applicable standards and direct the City's financial resources toward meeting the City's long term goals.

- Community Participation Sub-Element 7.2 of the City's General Plan:
 - Achieve a community in which citizens and businesses are informed about local issues and City programs and services.
 - Assure that all citizens have reasonable access to City information, services, programs, policymakers and staff within budgeted resources.
 - Create a strong, positive community identity.

DISCUSSION

As has been the case for the past several years, the Department of Parks and Recreation will not hold a Fourth of July Festival at Baylands Park this year to avoid an event conflict. Having a single event serves to increase community participation. As in past years when these events have been combined, the funds budgeted for both events will be combined.

In calendar year 2004, then-Mayor Howe moved the event to July 4, where it remains. Because the event falls after the start of a new fiscal year, we have had to shift allocated funds each year to properly fund the event.

The State of the City event is free and open to the public, but at the mayor's direction, a nominal charge for food is proposed. This charge for food tickets will partially offset the cost of the event, and has been included in the budget planning. Some previous State of the City events have also charged for food, though not all. The event will be publicized using *Quarterly Report*, KSUN-15, ads, news media releases, the Sunnyvale Web site and other outreach.

FISCAL IMPACT

Resources for the State of the City event have been provided in the Office of the City Manager budget, under Program 739. \$66,958 is available for this year's event. Also, \$7,900 will come from the Department of Parks and Recreation's Fourth of July event fund. If a future mayor decides not to combine the State of the City and the Parks and Recreation Fourth of July events, these funds will remain with Parks and Recreation. It is anticipated the budgeted resources will be sufficient to cover this event. However, because the date of the event falls after the start of the new fiscal year, expenses will be incurred during both fiscal years 2006/07 (for planning and preparation) and 2007/08 (for the event). Therefore, it is requested that at the close of FY 2006/07, any allocated but unexpended State of the City funds be carried over into the FY 2007/08 budget, without impacting any planned funds for the following State of the City event.

CONCLUSION

Because this year's event will take place after the start of FY 2007/08, staff is recommending the carryover of any allocated but unexpended State of the City

funds from FY 2006/07 to FY 2007/08, without impact to the regular FY 2007/08 State of the City funding.

PUBLIC CONTACT

Public contact was made through posting of the Council agenda on the City's official notice bulletin board, posting of the agenda and report on the City's Web page, and the availability of the report in the Library and the City Clerk's Office.

ALTERNATIVES

1. Approve carryover of allocated but unexpended State of the City funds from FY 2006/07 to FY 2007/08, without impact to the regular FY 2007/08 State of the City funding.
2. Do not approve carryover of funds.
3. Determine an alternate funding mechanism.

RECOMMENDATION

Staff recommends Alternative #1.

Reviewed by:

Robert Walker, Assistant City Manager

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Approved by:

Amy Chan
City Manager